

Long Beach meeting of the Finance Committee  
September 16, 2013  
Community House

A Finance Committee meeting was held on Monday, September 16, 2013 at the Community House with the Chairperson of the Board of Selectmen, Battistelli, and Selectpersons Murphy, and Sheedy. Finance Committee members W. Hess, F. Hassler, J. Michaels, and C. Engel were present.

W. Hess welcomed everyone and explained the process of the meeting.

He commented that a document was developed by the Town Administrator's office entitled "Long Beach Facts & Considerations" he stated that it provides an excellent characterization involved in selling or leasing the Long Beach Property.

He reviewed the slides developed for tonight's discussion; the slides were entitled:

- 1) Long Beach Facts and Considerations
- 2) Major points for Discussion
- 3) Property Values and Lease rates
- 4) What is "Fair Market Value"?
- 5) The Seawall
- 6) Proceeding in the Short Term

It was commented that Long Beach was recently assessed at \$63.M, the town receives \$304,000 annually in lease revenues, \$700,000 is received in property taxes, which equals 1.59% of the assessed value.

Finance Committee recommendation is that the town should achieve a goal of fair market value within a reasonable timeframe.

- Certified real estate appraisers
- Something that is fair to cottage owners, other taxpayers, and beach goers

The Seawall - \$22M: The FEMA information is still not available. Defer until uncertainties are cleared up. We shouldn't link the leases with the seawall. CIPC process should be followed for seawall repairs.

Selectperson Sheedy inquired if the 1.59% of the assessed value is land & buildings. Taxes on property are a form of fee paid as rental surrogate because homeowners don't own the land, they can't appreciate it.

J. Michaels stated that we don't know if raising the rental fee will cause the value to go down.

What is market value vs. fair market value?

It was stated that more than one firm should provide appraisals, perhaps as many as three.

Chairperson Battistelli said in the slides it recommends being "transparent". She stated this whole process has and will continue to be transparent, it has to be. She said, as board members, we can only

discuss this while we're in open meetings. She recommends that we need to get the word out on this process. She said we don't know how many residents keep up with the activities of the various town boards.

W. Hess said it is critical that we try to decrease the amount of stress to the town going through this process.

Selectperson Sheedy said if we move forward with short term leases we would need to actively pursue these answers.

Chairperson Battistelli said the Long Beach Facts & Considerations document should be on the website very soon.

Susan Hand, 20 Landmark Lane, asked if there had been any consideration of the possibility that the Long Beach seawall may not be viable in the long term, have you considered alternatives to the seawalls.

F. Hassler, Finance Committee, said yes as individuals and as committees this is being investigated. The sand is leaving and coming back, he personally has taken pictures. He said he is Interested in what FEMA is proposing. This is vitally important to the economic situation in Rockport.

J. Michaels, Finance Committee, said the funds for the sediment transport study were approved at Town Meeting.

F. Hassler said there is an approved appeal to the draft FEMA regulations on storm surge levels.

Steve Lindo, Gap Head Road, questioned if this is being made more difficult that it needs to be. He inquired if there is a basis for market value and fair market value. He questioned if we knew today that it would cost \$22M, would that influence the leases.

W. Hess said we don't know the cost of the seawall; it has to go through the CIPC process and it will be reviewed with all the other needed things in town.

Chairperson Battistelli said we need to look at the bigger picture. She said the houses right behind the seawall are directly impacted, however, there are 30 acres behind those properties and the road. She said it's just not protecting 154 houses.

Steve Sheehan, 12 Long Beach, said many uncertainties exist, but the certainties are 1) the wall protects more property than just the cottages, 2) at the public forum we learned that the Board of Selectmen narrowed down the choices to two options, to sell or lease to owners, 3) that the colony is worth the town maintaining. 4) that there is no link between the leases and the seawall. He questioned why can't long term leases resolve the lease amount over time.

W. Hess said we can't bind the town to a contract that requires a seawall.

Jim Santo, 27 Long Beach, mentioned the demographics of Long Beach, and suggested what if when the property is sold (changes hands) it would dictate an immediate increase in the lease amount, or

something like that. That way it wouldn't affect the current cottage owner's right now, but when the property changes hands, it would.

J. Michaels, Finance Committee, said the wall protects the homes, we don't know if the wall is protecting or harming the beach and environment at this time.

Eric Hutchins, 13 Applecart Road, said the wall and houses are always being discussed, is it being incorporated yet involving Cape Hedge Beach, he said that's the wall that's going to move long before the concrete wall. The taxpayer and beachgoer lose; we lose parking and expose houses. The big storm that shifts it into the salt marsh; this is inevitable. This is more significant than the concrete wall.

Sandy Jacques, 93 Granite St., stated there are other methods than concrete, but this is not the business of the Finance Committee, that's the job of the Board of Selectmen and the DPW. The by-laws indicate it's the Board of Selectmen who makes these decisions. More dissemination of information is necessary in a timely fashion. He said he didn't know the FEMA information was made available. He said he is in favor of short term leases now.

Chairperson Battistelli stated that the town is appealing the lines now, we have until 11/9/13 to appeal.

DPW Chairman J. Gardner, said the RFP included the marshes behind the land. There has been no discussion about a breakthrough at Cape Hedge Beach. He said he's read all sediment transport proposals; two very good proposals have been received.

Toby Arsenian, 95 Granite Street, said one of the items on the CIPC list for next year is a study of all the barrier beaches, he asked where the \$22M figure come from. He inquired if you're looking to appeal the maps, is it just Long Beach.

Chairperson Battistelli said it's Bearskin Neck, Pigeon Cove, etc. – she said it affects other areas in town. She said the breakdown of the \$22M is: the cost of the seawall repairs \$14M, beach erosion controls \$6M, beach replenishment \$1M, and Project management, \$975,000 for a total of \$22M.

Alan Blummer, 15 High Street, asked if there is a study on the feasibility of selling the lots. Given the complexity of it, how about hiring someone to find out how you could do it.

J. Michaels, Finance Committee, said Long Beach is currently one parcel, it would need to be surveyed; the legal costs will be impressive. Issues such as right of first refusal, etc. will need to be addressed.

Selectperson Sheedy said condos could be considered – it could be less complicated. She said it's complicated but not insurmountable.

Irv Plotkin, Rowe's Point, said if the value is \$60M then a market rental for triple net lease where lessee is responsible would yield \$2M then \$304,000 for those properties. The subsidy keeps the prices below market values. Is there anything in the current lease or legal opinion that would require the town to renew leases or renew at or near current rates, current renters cannot benefit from increases in value of land. Two properties have sold for more than \$700,000 and some rent more than \$3,000/week in the summer. He said the tenants benefit greatly. If you merely allow the leases to expire, then no notification would be necessary.

Chairperson Battistelli said we have a legal obligation to notify the cottage owners that we are terminating their lease by 10/1/13, if that is the plan.

Bob McHugh, 27 Long Beach, said in 75 years he has never seen such division between the town and Long Beach tenants. He said there has been a mutually beneficial relationship over the years. They weren't allowed to rent the cottages out in the past. This is disheartening to see at this time. With a 10-year lease, these discussions should have taken place 5 years ago.

W. Hess said the only adjustments in the rent were the CPI index, it didn't reflect reality. Now this is a huge distress.

Michael Sweeney, 116 Long Beach said Long Beach is a wonderful place, but now I'm advising my family to be prepared to leave. He said someone just paid \$500,000 for a cottage about to fall down. He asked what else do I owe, do we have to pay for sewer and pay for our cottage to be ripped down.

Louisa Casadei, 20 Long Beach and Sandpiper Lane, been pleased listening to the Finance Committee's recommendations. She questioned if the recommendation is a short term lease with a movement toward fair market value and you want more than one appraisal.

J. Michaels, Finance Committee, said the town didn't do this to you, the economy did because you're on the water. You're paying the same level as everyone else in town. You're paying up to \$2,500/year in rents. We're not talking about real estate taxes. She stated she doesn't see the division between the town and Long Beach.

Eric Johnson, 120 Long Beach and 2 Sandpiper Lane, stated he is both a cottage owner and a year round resident of Rockport. He said he agrees with June Michaels and questions why can't we have a long term lease.

Ed Hand, 20 Landmark Lane, said he has a problem with fair market value, clearly defined by a willing buyer and a willing seller. The appraisals will get two numbers, rental income and that determines fair market value, then sales approach.

Anne Manning Ackerman, 93 Long Beach, stated she has been on Long Beach since 1921. She said most of us are there for 2-3 months each year and we pay rent for a full year. She accepts that front row or back row is getting costly. Some residents rent and some of us don't rent, some of us live out of state.

Frank Hassler, Finance Committee, said 25% or more of all Rockport real estate is owned by people that don't live in Rockport; the town has the very same problem elsewhere in town.

Tony Andrews, 47 Broadway, said it complicates things by separating the land from the houses. \$650,000 is reflective of the fair market value, that's a lot of money. The town benefits enormously from this. The fair market already exists; it's double dipping. If the rent was \$7,500/year, people would be driven out.

Jan Duffy, Long Beach, inquired if the 6 months amount of occupancy time will be considered when appraising.

Chairperson Battistelli said the long term leases (30 years) may make the property mortgagable.

Dan Heffernan, 124 Long Beach, said he bought his cottage three years ago. He made the assumption that the 100 year leases would continue. He questioned if there is an obligation to do anything on 12/31/13.

Mel Michaels questioned if there are any considerations of the town renting the entire space to an organization like the LBIA and they could decide the rent amount and terms? The co-op or condo association can adjust the rents, etc. as they see fit.

E. Hutchins regarding the FEMA appeal, stated this is a huge undertaking and questioned if there is any credible backing.

F. Hassler said the FEMA judgment is so staggering to Rockport that we have to appeal.

Meeting adjourned at 9:30 pm.